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**FISCAL IMPACT STATEMENT**

**LS 7563**

**BILL NUMBER:** SB 550

**NOTE PREPARED:** Feb 17, 2011

**BILL AMENDED:** Feb 15, 2011

**SUBJECT:** Redevelopment commissions and authorities.

**FIRST AUTHOR:** Sen. Boots

**FIRST SPONSOR:** Rep. Koch

**BILL STATUS:** As Passed Senate

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** (Amended) *Oversight:* This bill provides that the legislative body of a unit must approve the budget, the tax levy, spending, bond and debt financing, a lease pertaining to bonds or debt financing, the use of capitalized interest, selling of property, and allocation of excess tax revenue of the unit's redevelopment commission and redevelopment authority.

*Fiscal Officer:* The bill provides that the Indianapolis controller is the fiscal officer of the redevelopment commission and redevelopment authority in Indianapolis. It authorizes the Indianapolis controller to obtain financial services on a contractual basis.

*Quarterly Reports:* This bill requires the treasurer of a redevelopment commission outside Indianapolis and the secretary-treasurer of a redevelopment authority outside Indianapolis to report quarterly to the fiscal officer of the unit that established the commission or authority.

*Approval of Payment Agreements:* The bill provides that the legislative body of the unit must approve a redevelopment commission's purchase of property if: (1) under the purchase agreement payments for the purchase are required to be made over more than three years; or (2) the purchase price of the property exceeds \$5,000,000.

*Excess AV Determinations in TIFs:* The bill also provides that the legislative body of a unit shall review, may modify, and must approve the redevelopment commission's annual determination of whether there will be assessed value in each allocation area that could be allocated to the base assessed value of all units having taxing authority in the allocation area without impacting the obligations of the redevelopment commission.

**Effective Date:** July 1, 2011.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** *Overall Impact:* The added review by an elect body could result in reduced redevelopment commission expenditures which could lead to a reduction in property taxes. The impact on redevelopment, if any, is unknown. The actual impact would depend on local action taken under this bill.

(Revised) *Oversight:* Under current law, a county or municipality may create a redevelopment commission or in Marion County, a department of metropolitan development. Under this bill, the legislative body of the taxing unit that created the commission or department would have oversight over:

1. The commission or department budget and tax levies;
2. The issuance of certain debt or obligations, including the execution of leases; and
3. The sale or disposal of property.

A commission would not be permitted to issue debt or obligations, including the execution of a lease, that would be paid with tax revenue without first obtaining approval from the enabling taxing unit's legislative body. The commission would not need approval if (1) the obligation is for a property purchase, (2) the purchase price does not exceed \$5 M, and (3) the repayment period does not exceed 3 years.

Also, the legislative body would be required to specifically approve the payment of capitalized interest.

*Excess AV Determinations in TIFs:* In a TIF area, captured tax payments are allocated to the redevelopment district and may be used to repay debt and for a variety of uses related to the operations of the redevelopment commission. Under this provision, the unit's legislative body would direct the allocation of the captured tax payments. The redevelopment commission would need specific approval from the legislative body to make an expenditure.

(Revised) *Fiscal Officer:* For Indianapolis/Marion County, the city controller would be the fiscal officer of the redevelopment commission. The controller would be permitted to contract for financial services. The fiscal impact for this provision would depend on whether the controller contracts for financial services.

**Explanation of Local Revenues:**

**State Agencies Affected:**

**Local Agencies Affected:** Redevelopment Commissions; Department of Metropolitan Development; Counties and cities.

**Information Sources:**

**Fiscal Analyst:** Bob Sigalow, 317-232-9859.